

Wilfredo V. Lapitan
WILFRIDO V. LAPITAN
Division Clerk of Court
Third Division



Republic of the Philippines
Supreme Court
Manila

MAR 14 2016

THIRD DIVISION

SPOUSES VIRGILIO DE
GUZMAN, JR. [substituted by his
wife, Lydia S. de Guzman, and
children, namely, Ruel S. de
Guzman, *et al.*] and LYDIA S. DE
GUZMAN,

Petitioners,

-versus-

COURT OF APPEALS, Mindanao
Station, LAMBERTO BAJAO,
HEIR OF SPOUSES LEONCIO*
BAJAO and ANASTACIA Z.
BAJAO,

Respondents.

G.R. No. 185757

Present:

VELASCO, JR., J., *Chairperson*
PERALTA,
PEREZ,
REYES, and
JARDELEZA, JJ.

Promulgated:

March 2, 2016

Virgilio de Guzman

X-----X

DECISION

JARDELEZA, J.:

This is a Petition for Review on *Certiorari*¹ filed by Spouses Virgilio de Guzman, Jr.² and Lydia S. de Guzman (petitioners) assailing the *Decision*³ and *Resolution*⁴ dated August 27, 2008 and November 19, 2008, respectively, of the Court of Appeals (CA), Mindanao Station, in CA-G.R. CV No. 00194-MIN. The CA reversed and set aside the *Decision*⁵ of the Regional Trial Court (trial court), Branch 42, Misamis Oriental, dated

* Also referred to as "Lencito" in some parts of the *rollo*.

¹ *Rollo*, pp. 3-17.

² Petitioner Virgilio de Guzman died on January 10, 2004 during the pendency of the suit. In a Resolution dated August 17, 2009, we granted the substitution of the surviving heirs of Virgilio de Guzman, namely, Lydia S. de Guzman, Ruel S. de Guzman, Lyla S. de Guzman, Emme D. Butted and Lyn S. de Guzman as party-petitioners in this case. *Id.* at 57-58.

³ *Id.* at 26-35. Penned by Associate Justice Ruben C. Ayson with Associate Justices Rodrigo F. Lim, Jr. and Michael P. Elbinias concurring.

⁴ *Id.* at 37-39.

⁵ *Id.* at 18-24. Penned by Judge Oscar N. Abella.

[Signature]

October 22, 2004 which granted the action for reconveyance and damages in favor of petitioners.

The Facts

The property subject of this case (property) is a 480-square meter lot that formed part of Lot No. 532 located at North Poblacion, Medina, Misamis Oriental. Lot No. 532, which has a total area of 25,178 square meters, was acquired by Lamberto Bajao's (respondent) parent, Leoncio Bajao,⁶ through Free Patent No. 400087⁷ issued on May 28, 1968.⁸

Petitioners acquired the property in two transactions. On May 24, 1969, Spouses Bajao sold 200 square meters of Lot No. 532 to them for ₱1,000.⁹ On June 18, 1970, Spouses Bajao sold another 280 square meters of Lot No. 532 to petitioners for ₱1,400.¹⁰ Both transactions were evidenced by separate Deeds of Absolute Sale.¹¹ Spouses Bajao allegedly promised to segregate the property from the remaining area of Lot No. 532¹² and to deliver a separate title to petitioners covering it.¹³ However, because the promise was not forthcoming, petitioner Lydia S. de Guzman executed an Affidavit of Adverse Claim¹⁴ on April 21, 1980 covering the property. This was annotated on the title covering Lot No. 532, Original Certificate of Title (OCT) No. P-6903, on April 25, 1980.¹⁵

On May 29, 1980, petitioners initiated the segregation of the property from Lot No. 532 through a survey.¹⁶ As a result of the survey, petitioners acquired Lot 2-A, Psd-10-002692.¹⁷ They allegedly acquired possession over the land immediately, fenced the area, introduced improvements, and planted it with fruit-bearing trees.¹⁸

On September 26, 1980,¹⁹ or after the death of Leoncio Bajao on February 1, 1972,²⁰ respondent and Anastacia Bajao executed an Extrajudicial Settlement Among Heirs²¹ (Extrajudicial Settlement), which subdivided Lot No. 532 into three parts.²² The property was included in Lot

⁶ Leoncio Bajao was married to Anastacia Bajao. Collectively, they are referred to as Spouses Bajao here.

⁷ RTC records, pp. 173, 200.

⁸ *Rollo*, pp. 27-28.

⁹ RTC records, p. 170.

¹⁰ *Id.* at 171.

¹¹ *Id.* at 170-171.

¹² *Rollo*, pp. 7-8.

¹³ *Id.* at 28.

¹⁴ RTC records, p. 177.

¹⁵ *Id.* at 175. See also *rollo*, p. 28.

¹⁶ *Rollo*, p. 28.

¹⁷ RTC records, p. 180.

¹⁸ *Id.* at 5, *rollo*, p. 28.

¹⁹ *Rollo*, p. 28.

²⁰ RTC records, p. 238.

²¹ *Id.* at 205-209.

²² *Rollo*, p. 28.

No. 532-C, which was adjudicated in favor of respondent.²³ The Extrajudicial Settlement was registered on December 10, 1980.²⁴

On December 16, 1980, respondent caused the cancellation of petitioners' annotated adverse claim over the property and later obtained Transfer Certificate of Title (TCT) No. T-7133 on February 13 and October 2, 1981.²⁵ Petitioners thereafter requested respondent to deliver TCT No. T-7133 so they could present it to the Register of Deeds, together with the two Deeds of Absolute Sale, for proper annotation.²⁶ Respondent, however, refused to heed their request.²⁷

Thus, on January 21, 2000, petitioners filed a Complaint for Reconveyance with Writ of Preliminary Mandatory Injunction and Damages.²⁸ They alleged that they were innocent purchasers for value who took possession of the property after the sale and religiously paid its real property taxes.²⁹ Petitioners also alleged that respondent was in bad faith since he knew about the sale of the property between them and his parents, and the existing survey and segregation over the area, yet he fraudulently included the same in his share upon the issuance of TCT No. T-7133.³⁰


In his Answer with Defenses and Counterclaims,³¹ respondent argued that the action is time barred and there is no more trust to speak of.³² He pointed out that more than 10 years have lapsed from the date of the registration of the Extrajudicial Settlement on December 10, 1980 and the registration of TCT No. T-7133 on February and October 1981, to the date of filing of the Complaint.³³ Respondent also countered that there was no mistake or fraud in including the property in TCT No. T-7133 since his rights arose from the Extrajudicial Settlement.³⁴

Ruling of the Trial Court

On October 22, 2004, the trial court promulgated its *Decision*,³⁵ the decretal portion of which reads:

WHEREFORE, all the foregoing premises considered, by preponderance of evidence, this Court finds for the plaintiffs and hereby orders the defendant:

²³ *Id.* at 28-29.
²⁴ RTC records, pp. 45, 209.
²⁵ *Id.* at 204, 228-229; *rollo*, p. 29.
²⁶ RTC records, p. 3.
²⁷ *Id.* at 3-4, 308.
²⁸ *Id.* at 1-9.
²⁹ *Id.* at 5.
³⁰ *Id.* at 6.
³¹ *Id.* at 42-50.
³² *Id.* at 47.
³³ *Id.* at 45-47.
³⁴ *Id.* at 46.
³⁵ *Rollo*, pp. 18-24.



1. to reconvey to the plaintiffs the four hundred eighty square meter lot in question in accordance with the survey plan made by Engr. Pedro Q. Gonzales which was approved by Acting Director of Lands Guillermo C. Ferraris as certified by the Office of the Regional Executive Director of the Department of Environment and Natural Resources and to surrender TCT No. 7133 to the Register of Deeds of Misamis Oriental for appropriate annotation;

2. to pay to plaintiffs the sum of Twenty Five Thousand Pesos (P25,000.00) as moral damages; and

3. to pay the costs.

SO ORDERED.³⁶

The trial court found the two Deeds of Absolute Sale free from infirmities.³⁷ It ruled that their execution was equivalent to the delivery of the thing sold;³⁸ registration not being necessary to make the contract of sale valid and effective as between the parties.³⁹ Citing *Sanchez, et al. v. De la Cruz, et al.*,⁴⁰ and *Philippine Suburban Development Corporation v. Auditor General*,⁴¹ the trial court held that as between the parties and their privies, an unrecorded deed of sale covering land registered under the Torrens system passes title of ownership once the land is conveyed to the vendee. Failure of registration does not, at anytime after the sale, vitiate or annul the right of ownership conferred to such sale.⁴²

The trial court also found respondent in bad faith.⁴³ Respondent admitted that he was aware of the adverse claim annotated at the back of the title when he went to the Register of Deeds to register the Extrajudicial Settlement.⁴⁴ The ultimate paragraph of the Extrajudicial Settlement provides that what was being conveyed to respondent was the “[r]emaining portion of Lot [No.] 532, Cad-347, under O.C.T. Bo, P-6903.” The trial court construed this provision to mean the remaining portion of Lot No. 532 after taking into consideration the 480-square meter lot sold to petitioners.⁴⁵

Respondent appealed to the CA.⁴⁶ In his appellant’s brief,⁴⁷ he argued that: (1) petitioners’ Complaint is already barred by the statute of limitations, estoppel and laches;⁴⁸ (2) the “remaining portion” in the Extrajudicial

³⁶ *Id.* at 23.

³⁷ *Id.* at 20.

³⁸ *Id.* at 21.

³⁹ *Id.*

⁴⁰ OG 29 July 20, 1959, as cited in the RTC Decision, *rollo*, p. 21.

⁴¹ G.R. No. L-19545, April 18, 1975, 63 SCRA 397.

⁴² *Rollo*, p. 21.

⁴³ *Id.* at 22-23.

⁴⁴ *Id.* at 22.

⁴⁵ *Id.*

⁴⁶ RTC records, p. 339.

⁴⁷ CA *rollo*, pp. 36-59.

⁴⁸ *Id.* at 49-52.

Settlement refers to Lot No. 532-C with an area of 10,178 square meters;⁴⁹ and (3) the petitioners are not entitled to moral damages.⁵⁰

Ruling of the Court of Appeals

The CA granted the appeal of respondent. The decretal portion of its *Decision*⁵¹ reads:

WHEREFORE, the appeal is hereby **GRANTED**. The Decision appealed from is **REVERSED AND SET ASIDE** and as a consequence, the Complaint for Reconveyance with Preliminary Mandatory Injunction and Damages is dismissed.

SO ORDERED.⁵²

The CA noted that an implied trust between the parties under Article 1456⁵³ of the Civil Code was created at the time Anastacia Bajao and respondent executed the Extrajudicial Settlement on September 26, 1980, with respondent becoming the trustee who holds the property in trust for the benefit of petitioners.⁵⁴ The CA held that an action for reconveyance based on an implied trust prescribes in 10 years from the registration of title in the Office of the Register of Deeds.⁵⁵ Thus, petitioners' action for reconveyance filed in January 2000 has already prescribed since more than 10 years have lapsed from October 1981, the date of registration of respondent's title.⁵⁶

Further, the CA held that petitioners failed to prove their actual possession of the property by substantial evidence.⁵⁷ It was only in the 1980s that they fenced the area in a furtive attempt to establish possession.⁵⁸ The CA held them guilty of laches for failing to assert their right to be placed in control and possession of the property after its sale in 1969 and 1970 and to have it registered.⁵⁹

Finally, the CA held that the phrase "remaining portion of **Lot No. 532, Cad-347** under OCT No. P-6903" found in the Extrajudicial Settlement could also mean restricting respondent's share to the whole portion of Lot No. 532-C, which is the remaining portion of Lot No. 532 after subdividing

⁴⁹ *Id.* at 52-53.

⁵⁰ *Id.* at 57-58.

⁵¹ *Rollo*, pp. 26-35.

⁵² *Id.* at 35. Emphasis in the original.

⁵³ Art. 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.

⁵⁴ *Rollo*, p. 32.

⁵⁵ *Id.* at 32-33.

⁵⁶ *Id.* at 33.

⁵⁷ *Id.* at 33-34.

⁵⁸ *Id.* at 33.

⁵⁹ *Id.* at 34.



it into three parcels and giving Lot Nos. 532-A and 532-B to Anastacia Bajao as her share.⁶⁰

Petitioners filed a Motion for Reconsideration⁶¹ of the *Decision*. They insisted that prescription and laches do not apply because respondent was in bad faith.⁶² They maintained to be in possession of the property.⁶³ Thus, their action for reconveyance partakes of a suit to quiet title which is imprescriptible.⁶⁴ The CA in its *Resolution*⁶⁵ dated November 19, 2008 denied the Motion for Reconsideration.

Hence, this petition, which essentially raises the issue of whether the CA erred in dismissing the Complaint on the ground of prescription.

The Court's Ruling

We deny the petition for lack of merit.

It is undisputed that Leoncio Bajao obtained Lot No. 532 through Free Patent No. 400087⁶⁶ granted and issued on May 28, 1968. Free Patent No. 400087 was used as basis in the issuance of OCT No. P-6903 which was transcribed in the Registration Book of the Register of Deeds of Misamis Oriental on August 4, 1970.⁶⁷ Section 118⁶⁸ of Commonwealth Act No. 141, otherwise known as the Public Land Act, prohibits the alienation or encumbrance of lands acquired under free patent or homestead within a period of five years from the date of issuance of the patent.⁶⁹ The parties, however, never raised this issue on prohibition, but this failure will not deter us from resolving the issue. We have held that:

We cannot turn a blind eye on glaring misapplications of the law or patently erroneous decisions or resolutions simply because the parties failed to raise these errors before the court. Otherwise, we will be allowing injustice by reason of the mistakes of the parties' counsel and condoning reckless and negligent acts of lawyers to the

⁶⁰ *Id.* at 34-35. Emphasis in the original.

⁶¹ *CA rollo*, pp. 84-95.

⁶² *Id.* at 86-90.

⁶³ *Id.* at 87-88.

⁶⁴ *Id.* at 90.

⁶⁵ *Rollo*, pp. 37-40.

⁶⁶ RTC records, p. 173.

⁶⁷ *Id.* at 200; TSN, November 20, 2000, p. 35.

⁶⁸ Sec. 118. Except in favor of the Government or any of its branches, units, or institutions, **lands acquired under free patent or homestead provisions shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent or grant**, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period, but the improvements or crops on the land may be mortgaged or pledged to qualified persons, associations, or corporations.
xxx (Emphasis and underscoring supplied.)

⁶⁹ In *Beniga v. Bugas*, G.R. No. L-28918, September 29, 1970, 35 SCRA 111, 114-115, we explained that the alienation of lands acquired by homestead or free patent grants is forbidden from the date of approval of the application, up to and including the fifth year from and after the date of the issuance of the patent or grant. We also held that the period is not computed from the date of registration with the Register of Deeds or from the date of the certificate of title.

prejudice of the litigants. Failure to rule on these issues amounts to an abdication of our duty to dispense justice to all parties.⁷⁰

We have explained the rationale behind this prohibition in *Republic of the Philippines v. Court of Appeals*:⁷¹

The prohibition against the encumbrance—lease and mortgage included—of a homestead which, by analogy applies to a free patent, is mandated by the rationale for the grant, *viz.*:

“It is well-known that the homestead laws were designed to distribute disposable agricultural lots of the State to land-destitute citizens for their home and cultivation. Pursuant to such benevolent intention the State prohibits the sale or encumbrance of the homestead (Section 116) within five years after the grant of the patent. After that five-year period the law impliedly permits alienation of the homestead; but in line with **the primordial purpose to favor the homesteader and his family** the statute provides that such alienation or conveyance (Section 117) shall be subject to the right of repurchase by the homesteader, his widow or heirs within five years. This Section 117 is undoubtedly a complement of Section 116. **It aims to preserve and keep in the family of the homesteader that portion of public land which the State had gratuitously given to him.** It would, therefore, be in keeping with this fundamental idea to hold, as we hold, that the right to repurchase exists not only when the original homesteader makes the conveyance, but also when it is made by his widow or heirs. This construction is clearly deducible from the terms of the statute.”⁷²

Under Section 124 of the Public Land Act, any acquisition, conveyance, alienation, transfer, or other contract made or executed in violation of Sections 118 to 123 of the Public Land Act shall be unlawful and null and void from its execution. The violation shall also produce the effect of annulling and cancelling the grant, title, patent or permit originally issued, recognized or confirmed actually or presumptively. The violation shall also cause the reversion of the property and its improvements to the State. The contract executed in violation of these sections being void, it is

⁷⁰ *Garcia v. Ferro Chemicals, Inc.*, G.R. No. 172505, October 1, 2014, 737 SCRA 252, 264.

⁷¹ G.R. No. 100709, November 14, 1997, 281 SCRA 639.

⁷² *Id.* at 650-651, citing *Pascua v. Talens*, 80 Phil. 792 (1948). Emphasis ours.

not susceptible of ratification, and the action for the declaration of the absolute nullity of such a contract is imprescriptible.⁷³

In this case, portions of Lot No. 532 were conveyed to petitioners by virtue of two Deeds of Absolute Sale executed on May 24, 1969 and June 18, 1970, or after the grant and issuance of Free Patent No. 400087⁷⁴ on May 28, 1968. Both Deeds of Absolute Sale were executed within the prohibited period of five years. Consequently, following Section 124, these Deeds are null and void and produce no effect. They did not convey any right from Spouses Bajao to petitioners on the property. The parties could not have claimed ignorance of the free patent grant. We held in *Beniga v. Bugas*:⁷⁵

Section 118 does not exempt patentees and their purported transferees who had no knowledge of the issuance of the patent from the prohibition against alienation; for the law does not say that the five years are to be counted “from knowledge or notice of issuance” of the patent or grant. The date of the issuance of the patent is documented and is a matter of government and official record. As such, it is more reliable and precise than mere knowledge, with its inherent frailties. Indeed, the policy of the law, which is to give the patentee a place where to live with his family so that he may become a happy citizen and a useful member of our society, would be defeated were ignorance of the issuance of a patent a ground for the non-application of the prohibition.⁷⁶

Nonetheless, although Section 124 states that a violation of Section 118 causes the reversion of the property to the State, we have held that a private individual may not bring an action for reversion or any action which would have the effect of cancelling a free patent and the corresponding certificate of title issued on the basis thereof, with the result that the land covered thereby will again form part of the public domain, since only the Solicitor General or the officer acting in his stead may do so.⁷⁷ Until then, respondent, as heir of the vendors, has the better right to remain in possession of the property.⁷⁸

The rule of *pari delicto* will not apply here in view of the nullity of the contracts of sale between the parties.⁷⁹ To have it otherwise would go

⁷³ See *Binayug v. Ugaddan*, G.R. No. 181623, December 5, 2012, 687 SCRA 260, 273, citing *Heirs of Policronio M. Ureta, Sr. v. Heirs of Liberato M. Ureta*, G.R. No. 165748, September 14, 2011, 657 SCRA 555, 580.

⁷⁴ RTC records, p. 173.

⁷⁵ G.R. No. L-28918, September 29, 1970, 35 SCRA 111.

⁷⁶ *Id.* at 115, citations omitted.

⁷⁷ *Egao v. Court of Appeals*, G.R. No. 79787, June 29, 1989, 174 SCRA 484, 492-493, citing *Sumail v. Judge of the Court of First Instance of Cotabato, et al.*, 96 Phil. 946, 953 (1955); *Lucas v. Durian*, 102 Phil. 1157, 1158 (1957); and *Acot, et al. v. Kempis*, 55 O.G., p. 2907, April 20, 1959.

⁷⁸ See *Binayug v. Ugaddan*, G.R. No. 181623, December 5, 2012, 687 SCRA 260, 273-275, citing *De los Santos v. Roman Catholic Church of Midsayap, et al.*, 94 Phil. 405, 411 (1954).

⁷⁹ *Philippine National Bank v. De los Reyes*, G.R. Nos. 46898-99, November 28, 1989, 179 SCRA 619.

against the public policy of preserving the grantee's right to the land under the homestead law.⁸⁰ In *Binayug v. Ugaddan*,⁸¹ we returned the properties which were acquired through a grant of a homestead patent to the heirs of the original owner after it was proven that the properties were alienated within the five-year prohibition period under Section 118 of the Public Land Act. Citing *De los Santos v. Roman Catholic Church of Midsayap, et al.*,⁸² we explained:

In *De los Santos v. Roman Catholic Church of Midsayap*, a homestead patent covering a tract of land in Midsayap, Cotabato was granted to Julio Sarabillo (Sarabillo) on December 9, 1938. OCT No. RP-269 was issued to Sarabillo on March 17, 1939. On December 31, 1940, Sarabillo sold two hectares of land to the Roman Catholic Church of Midsayap (Church). Upon Sarabillo's death, Catalina de los Santos (De los Santos) was appointed administratrix of his estate. In the course of her administration, De los Santos discovered that Sarabillo's sale of land to the Church was in violation of Section 118 of the Public Land Act, prompting her to file an action for the annulment of said sale. The Church raised as defense Section 124 of the Public Land Act, as well as the principle of *pari delicto*. The Court, in affirming the CFI judgment favoring De los Santos, ratiocinated:

X X X

X X X Here [De Los Santos] desires to nullify a transaction which was done in violation of the law. Ordinarily the principle of *pari delicto* would apply to her because her predecessor-in-interest has carried out the sale with the presumed knowledge of its illegality, but **because the subject of the transaction is a piece of public land, public policy requires that she, as heir, be not prevented from re-acquiring it because it was given by law to her family for her home and cultivation. This is the policy on which our homestead law is predicated.** This right cannot be waived. "It is not within the competence of any citizen to barter away what public policy by law seeks to preserve". **We are, therefore, constrained to hold that [De Los Santos] can maintain the present action it being in furtherance of this fundamental aim of our homestead law.**

X X X

Jurisprudence, therefore, supports the return of the subject properties to respondents as Gerardo's heirs

⁸⁰ *Id.*; See also *Binayug v. Ugaddan, supra*, citing *De los Santos v. Roman Catholic Church of Midsayap, et al., supra*.

⁸¹ G.R. No. 181623, December 5, 2012, 687 SCRA 260.

⁸² 94 Phil. 405 (1954).

following the declaration that the Absolute Deed of Sale dated July 10, 1951 between Gerardo and Juan is void for being in violation of Section 118 of the Public Land Act, as amended. That the subject properties should revert to the State under Section 124 of the Public Land Act, as amended, is a non-issue, the State not even being a party herein.⁸³

With respect to the purchase price of ₱2,400 which petitioners paid for the land, respondent should return it with interest.⁸⁴ We similarly ruled in the recent case of *Tingalan v. Spouses Melliza*⁸⁵ which also involved the void sale of land covered by the Public Land Act, as amended. We applied the rule that upon annulment of the sale, the purchaser's claim is reduced to the purchase price and its interest.⁸⁶

But, even on the assumption that there was no violation of Section 118 of the Public Land Act, the ruling of the CA that petitioners' action has already prescribed would have been correct.

Petitioners allege that respondent fraudulently included the property in TCT No. T-7133, which was issued on February 13 and October 2, 1981.⁸⁷ Article 1456⁸⁸ of the Civil Code provides that a person acquiring property through mistake or fraud becomes, by operation of law, a trustee of an implied trust for the benefit of the real owner of the property. An action for reconveyance based on an implied trust generally prescribes in 10 years, the reckoning point of which is the date of registration of the deed or the date of issuance of the certificate of title over the property.⁸⁹ Thus, petitioners had 10 years from 1981 or until 1991 to file their complaint for reconveyance of property. The Complaint, however, was filed only on January 21, 2000,⁹⁰ or more than 10 years from the issuance of TCT No. T-7133. Hence, the action is already barred by prescription.

The exception to the ten-year rule on prescription is when the plaintiff is in possession of the land to be reconveyed.⁹¹ In such case, the action becomes one for quieting of title, which is imprescriptible.⁹² Here, petitioners allege that they were in juridical possession of the property from

⁸³ *Supra* note 81 at 273-276. Emphasis in the original.

⁸⁴ *Baje v. Court of Appeals*, G.R. No. L-18783, May 25, 1964, 11 SCRA 34, 39, citing *Angeles, et al. v. Court of Appeals, et al.*, 102 Phil. 1006, 1012 (1958) and *Medel v. Eliaz*, 106 Phil. 1157 (1959). See also *Philippine National Bank v. De los Reyes*, G.R. Nos. 46898-99, November 28, 1989, 179 SCRA 619, 628 and *De Leon v. Court of Appeals*, G.R. No. 88788, September 4, 1992, 213 SCRA 596, 602.

⁸⁵ G.R. No. 195247, June 29, 2015.

⁸⁶ *De los Santos v. Roman Catholic Church of Midsayap, et al.*, *supra* note 82 at 412.

⁸⁷ RTC records, pp. 6, 228.

⁸⁸ Art. 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.

⁸⁹ *Brito, Sr. v. Dianala*, G.R. No. 171717, December 15, 2010, 638 SCRA 529, 535-537.

⁹⁰ RTC records, p. 1.

⁹¹ *Yared v. Tiongco*, G.R. No. 161360, October 19, 2011, 659 SCRA 545, 552-553.

⁹² *Francisco v. Rojas*, G.R. No. 167120, April 23, 2014, 723 SCRA 423, 454, citing *Philippine Economic Zone Authority v. Fernandez*, G.R. No. 138971, June 6, 2001, 358 SCRA 489, 498.

the time they put up a fence on it until the filing of the Complaint.⁹³ Respondent disputes this claim, countering that petitioners are not in actual and material possession of the property.⁹⁴ Whether petitioners have actual possession of the lot is a question of fact.⁹⁵ We have repeatedly ruled that a petition for review on *certiorari* under Rule 45 of the Rules of Court shall raise only questions of law and not questions of facts.⁹⁶ When supported by substantial evidence, the findings of fact of the CA are conclusive and binding on the parties and are not reviewable by us, unless the case falls under any of the recognized exceptions.⁹⁷ Petitioners never raised any of these exceptions. Assuming they did, none of the exceptions would apply.

We affirm the CA's finding that petitioners were not able to establish their actual possession of the lot except by bare allegations not substantiated by evidence.⁹⁸ It is a basic rule that the party making allegations has the burden of proving them by a preponderance of evidence.⁹⁹ Moreover, parties must rely on the strength of their own evidence, not upon the weakness of the defense offered by their opponent.¹⁰⁰

During trial, petitioners testified that they do not live on the property.¹⁰¹ They alleged putting up a fence after they purchased the lot but there was no evidence to support their allegations as to when this fence was constructed.¹⁰² Respondent presented pictures showing a fence erected by petitioners only in 1996 and respondent contested such act through a letter sent to petitioners asking them to remove the fence.¹⁰³ Although there were mango trees and chico trees in the lot, it was unclear who planted them.¹⁰⁴

⁹³ *Rollo*, p. 11.

⁹⁴ *Id.* at 96.

⁹⁵ *Heirs of Pedro Clemeña y Zurbano v. Heirs of Irene B. Bien*, G.R. No. 155508, September 11, 2006, 501 SCRA 405, 415.

⁹⁶ *Far Eastern Surety and Insurance Co., Inc. v. People*, G.R. No. 170618, November 20, 2013, 710 SCRA 358, 367-369.

⁹⁷ In the case of *David v. Misamis Occidental II Electric Cooperative, Inc.*, G.R. No. 194785, July 11, 2012, 676 SCRA 367, 373-374, the recognized exceptions are as follows:

- (1) When the conclusion is a finding grounded entirely on speculation, surmises and conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) When the findings are contrary to those of the trial court;
- (8) When the findings of fact are without citation of specific evidence on which the conclusions are based;
- (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and
- (10) When the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence on record.

⁹⁸ *Rollo*, p. 33.

⁹⁹ *Ramos v. Obispo*, G.R. No. 193804, February 27, 2013, 692 SCRA 240, 248-249.

¹⁰⁰ *Id.*

¹⁰¹ TSN, February 26, 2001, p. 27.

¹⁰² *Id.* at 26-29.

¹⁰³ RTC records, pp. 240, 242-243. See also TSN, October 28, 2003, p. 21.

¹⁰⁴ TSN, May 16, 2002, p. 7.

The tax declaration of Lot No. 532-C which respondent offered in evidence also shows that coconut trees were planted in the lot.¹⁰⁵ Petitioners never alleged having planted any coconut tree.

Further, petitioners failed to substantiate their claim that they have been paying real property taxes religiously from the time of the sale in 1969. They only formally offered in evidence official receipts issued for the period 2000 to 2002 showing payment of real property taxes.¹⁰⁶ No tax declaration of the lot was also formally offered¹⁰⁷ in evidence, although petitioners attached one in their Complaint.¹⁰⁸ Under Section 34, Rule 132 of the Rules of Court, however, the court shall consider no evidence which has not been formally offered.

Finally, the survey plan commissioned by petitioners does not prove their actual possession over the property. The survey plan merely proves the identity of the property. It plots the location, the area and the boundaries of the property, but it hardly proves that petitioners actually possessed the property.¹⁰⁹

On the other hand, respondent offered in evidence the tax declaration¹¹⁰ of Lot No. 532-C under his name, as well as the tax clearance¹¹¹ and official receipts for payment of real property taxes for the period 2000 to 2003.¹¹² We have held that although tax declarations or realty tax payment of property are not conclusive evidence of ownership, nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession.¹¹³

WHEREFORE, in view of the foregoing, the petition is **DENIED**. The *Decision* dated August 27, 2008 and the *Resolution* dated November 19, 2008 rendered by the CA in CA-G.R. CV No. 00194-MIN are **AFFIRMED**, insofar as they dismissed the Complaint for Reconveyance with Writ of Preliminary Mandatory Injunction and Damages. The Deeds of Absolute Sale are declared void. Respondent Bajao is **ORDERED** to return the purchase price of ₱2,400 to petitioners, with legal interest rate at 6% per annum computed from the time of the filing of the Complaint on January 21,

¹⁰⁵ RTC records, pp. 232-233.

¹⁰⁶ *Id.* at 184-186.

¹⁰⁷ *Id.* at 166-169.

¹⁰⁸ *Id.* at 18.

¹⁰⁹ See *Roman Catholic Archbishop of Manila v. Ramos*, G.R. No. 179181, November 18, 2013, 709 SCRA 576, 595.

¹¹⁰ RTC records, pp. 232-233.

¹¹¹ *Id.* at 236-237.

¹¹² *Id.* at 234-235.

¹¹³ *Republic v. Sta. Ana-Burgos*, G.R. No. 163254, June 1, 2007, 523 SCRA 309, 316, citing *Ganila v. Court of Appeals*, G.R. No. 150755, June 28, 2005, 461 SCRA 435/448, also citing *Alcaraz v. Tangga-an*, G.R. No. 128568, April 9, 2003, 401 SCRA 84, 90-91.

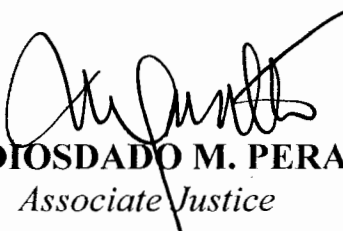
2000 until finality of judgement, and thereafter, at 6% per annum until fully paid.¹¹⁴

SO ORDERED.


FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

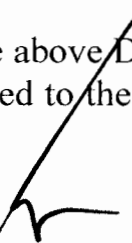

DIOSDADO M. PERALTA
Associate Justice


JOSE PORTUGAL BEREZ
Associate Justice


BIENVENIDO L. REYES
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

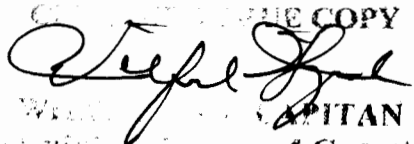
¹¹⁴ *Nacar v. Gallery of Frames*, G.R. No. 189871, August 13, 2013, 703 SCRA 439. See also *Tumibay v. Lopez*, G.R. No.171692, June 3, 2013, 697 SCRA 21, 45.

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice

CONFIRMED COPY

WILLIAM P. SANTIAGO
Chairman, Division of Court
Third Division
MAR 14 2016